

was receiving immediately before that effective date. However, in the case of an employee who becomes eligible for pay retention because a special rate schedule has been reduced under § 530.304 of this part, the employee shall receive a rate of basic pay determined under § 536.205(b) of this chapter.

(b) If a special rate range is terminated under § 530.304 of this part, an employee who was receiving a special rate immediately before the effective date of an adjustment in scheduled rates of pay shall receive on that effective date the numerical rank in the new statutory pay schedule for the employee's grade or level that corresponds to the numerical rank of the special rate the employee was receiving immediately before that effective date. However, in the case of an employee who becomes eligible for pay retention because the employee's pay would otherwise be reduced under § 530.304 of this part, the employee shall receive a rate of basic pay determined under § 536.205(b) of this chapter.

(c) A GM employee (as defined in § 531.202 of this chapter) receiving a special salary rate immediately before the effective date of an adjustment in scheduled rates of pay shall receive on that effective date a rate of basic pay determined under § 531.205(a)(2) of this chapter. However, in the case of an employee who becomes eligible for pay retention because the employee's pay would otherwise be reduced under § 530.304, the employee shall receive a rate of basic pay determined under § 536.205(b) of this chapter.

[57 FR 59277, Dec. 15, 1992, as amended at 58 FR 65535, Dec. 15, 1993]

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AUTHORITY: 5 U.S.C. 5115, 5307, and 5338; sec. 4 of Pub. L. 103–89, 107 Stat. 981; and E.O. 12748, 56 FR 4521, 3 CFR, 1991 Comp., p. 316;

Subpart B also issued under 5 U.S.C. 5303(g), 5333, 5334(a), and 7701(b)(2);

Subpart C also issued under 5 U.S.C. 5304, 5305, and 5553; sections 302 and 404 of the Federal Employees Pay Comparability Act of 1990 (FEPCA), Pub. L. 101–509, 104 Stat. 1462 and 1466; and section 3(7) of Pub. L. 102–378, 106 Stat. 1356;

Subpart D also issued under 5 U.S.C. 5335(g) and 7701(b)(2);

Subpart E also issued under 5 U.S.C. 5336;

Subpart F also issued under 5 U.S.C. 5304, 5305(g)(1), and 5553; E.O. 12883, 58 FR 63281, 3 CFR, 1993 Comp., p. 682; and E.O. 13106, 63 FR 68151, 3 CFR, 1998 Comp., p. 224;

Subpart G also issued under 5 U.S.C. 5304, 5305, and 5553; section 302 of FEPCA, Pub. L. 101–509, 104 Stat. 1462; and E.O. 12786, 56 FR 67453, 3 CFR, 1991 Comp., p. 376.

Subpart A [Reserved]

Subpart B—Determining Rate of Basic Pay

SOURCE: 45 FR 65498, Oct. 3, 1980, unless otherwise noted.

§ 531.201 Applicability.

This subpart and sections 5333 and 5334 of title 5, United States Code, apply to employees and positions, other than Senior Executive Service positions, to which chapter 51 of title 5, United States Code, applies.

[58 FR 65535, Dec. 15, 1993; 59 FR 5223, Feb. 3, 1994]

§ 531.202 Definitions.

In this subpart:

Agency has the meaning given that word by section 5102 of title 5, United States Code.

Demotion means a change of an employee, while continuously employed, from:

(1) One General Schedule grade to a lower General Schedule grade, with or without reduction in pay; or

(2) A higher rate paid under authority other than subchapter III of chapter 53 of title 5, United States Code, to a lower rate within a General Schedule grade.

Employee means an employee of an agency to whom this subpart applies.

Existing rate of basic pay means the rate received immediately before the effective date of a transfer, promotion, demotion, or within-grade increase.

GM employee means an employee who was covered by the Performance Management and Recognition System under chapter 54 of title 5, United States Code, on October 31, 1993 (and therefore became covered on November 1, 1993, by section 4 of Pub. L. 103–89, the Performance Management and Recognition System Termination Act of 1993), and who continues thereafter to occupy a position as a supervisor or management official (as defined in paragraphs (10) and (11) of section 7103(a) of title 5, United States Code) in the same grade of the General Schedule and in the same agency without a break in service of more than 3 calendar days. Any reference to employees, grades, positions, or rates of basic pay under the General Schedule shall include GM employees for the purposes of subchapter I and III of chapter 53 of title 5, United States Code.

Higher grade means a General Schedule grade above the last previous General Schedule grade or its equivalent held by the employee.

Highest previous rate means—

(1) The highest actual rate of basic pay previously received by an individual while employed in a position in a branch of the Federal Government (executive, legislative, or judicial); a Government corporation, as defined in 5 U.S.C. 103; the United States Postal Service or the Postal Rate Commission; or the government of the District of Columbia (except as provided in § 531.203(d)(2)(v) of this part); without regard to whether the position was subject to the General Schedule; or

(2) The actual rate of basic pay for the highest grade and step previously held by an individual while employed in a position subject to the General Schedule.

Moved involuntarily means the movement of the incumbent of a position in a nonappropriated fund instrumentality under the jurisdiction of the Department of Defense or the Coast Guard, as described in 5 U.S.C. 2105(c), with the position when it is moved to the civil service employment system of the Department of Defense or the Coast Guard, respectively.

New appointment means the first appointment, regardless of tenure, as an employee of the Federal Government or the Government of the District of Columbia.

Promotion means a change of an employee, while continuously employed, from:

(1) One General Schedule grade to a higher General Schedule grade; or

(2) A lower rate paid under authority other than subchapter III of chapter 53 of title 5, United States Code, to a higher rate within a General Schedule grade.

Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind.

Reassignment means a change of an employee, while serving continuously in the same agency, from one position to another without promotion or demotion.

Reemployment means an employment, including reinstatement or another type of appointment, after a break in service of at least 1 full workday.

Transfer means a change of an employee, without a break in service of 1 full workday, from one branch of the Federal Government (executive, legislative, or judicial) to another or from one agency to another.

[45 FR 65498, Oct. 3, 1980, as amended at 55 FR 14829, Apr. 19, 1990; 57 FR 12404, Apr. 10, 1992; 58 FR 65535, Dec. 15, 1993; 59 FR 40793, Aug. 10, 1994; 60 FR 67287, Dec. 29, 1995]

§ 531.203 General provisions.

(a) *New Appointments.* Except as provided by section 5333(a) of title 5, United States Code, and paragraph (b)

of this section, a new appointment is made at the minimum rate of the grade, or when the minimum rate of the grade of a position has been set under part 530 of this chapter, a new appointment is made at the minimum rate set under part 530 of this chapter.

(b) *Superior qualifications appointments.* (1) A “superior qualifications appointment” means an appointment made at a rate above the minimum rate of the appropriate General Schedule grade under authority of section 5333 of title 5, United States Code, because of the superior qualifications of the candidate or a special need of the agency for the candidate’s services.

(2) An agency may make a superior qualifications appointment by new appointment or by reappointment except that when made by reappointment, the candidate must have a break in service of at least 90 calendar days from his or her last period of Federal employment or employment with the District of Columbia (other than—

(i) Employment with the Government of the District of Columbia when the candidate was first appointed by the DC Government on or after October 1, 1987;

(ii) Employment under an appointment as an expert or consultant under section 3109 of title 5, United States Code;

(iii) Employment under a temporary appointment effected primarily in furtherance of a postdoctoral research program, or effected as part of a predoctoral or postdoctoral training program during which the employee receives a stipend, or employment under a temporary appointment of a graduate student when the work performed by the student is the basis for completing certain academic requirements for an advanced degree;

(iv) Employment in a cooperative work-study program under a Schedule B appointment made in accordance with section 213.3202 of this chapter;

(v) Employment as a member of the Commissioned Corps of the National Oceanic and Atmospheric Administration or the Commissioned Corps of the Public Health Service;

(vi) Employment which is neither full-time employment nor the principal employment of the candidate; or

(vii) Employment under the Intergovernmental Personnel Act).

(3) In determining whether an employee should receive a superior qualifications appointment and, if so, at what level the employee's pay should be set, the agency must consider the possibility of authorizing a recruitment bonus as provided in part 575 of this chapter.

(4) Each agency that makes superior qualifications appointments must establish documentation and record-keeping procedures sufficient to allow reconstruction of the action taken in each case. Documentation must include—

(i) The superior qualifications of the individual or special need of the agency that justified use of this authority;

(ii) The factors considered in determining the individual's existing pay and the reason for setting pay at a rate higher than that needed to match existing pay; and

(iii) The reasons for authorizing an advanced rate instead of or in addition to a recruitment bonus.

(5) Each agency using the superior qualifications authority must establish appropriate internal guidelines and evaluation procedures to ensure compliance with the law, these regulations, and agency policies.

(c) *Maximum payable rate rules.* In determining an employee's rate of basic pay upon reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment, the following rules apply unless the employee is entitled to a higher rate under the promotion provisions of 5 U.S.C. 5334(b) and § 531.204(a) of this part or the grade and pay retention provisions of 5 U.S.C. 5362 and 5363 and part 536 of this chapter:

(1) Except as provided in paragraph (c)(2) of this section, the maximum rate of basic pay that may be paid a General Schedule employee shall be determined as follows:

(i) Compare the employee's highest previous rate (expressed as an annual rate) with the rates of basic pay *in effect at the time the highest previous rate was earned* for the grade in which pay is currently being fixed.

(ii) Identify the lowest step of the grade in which pay is currently being

fixed, for which the rate of basic pay was equal to or greater than the employee's highest previous rate at the time the highest previous rate was earned. If the employee's highest previous rate was greater than the maximum rate for the grade in which pay is being fixed, the maximum rate of basic pay that may be paid to the employee is the maximum rate for that grade.

(iii) Identify the current rate of basic pay for the step identified under paragraph (c)(1)(ii) of this section. This rate is the maximum rate of basic pay that may be paid the employee.

(2) The maximum rate of basic pay that may be paid a GM employee (as defined in § 531.202) shall be determined as follows: Compare the employee's highest previous rate (expressed as an annual rate) with the range of rates of basic pay *in effect at the time the highest previous rate was earned* for the grade in which pay is currently being fixed. If the employee's highest previous rate was less than or equal to the minimum rate for the grade in which pay is being fixed, the maximum rate of basic pay that may be paid the employee is the minimum rate for the grade in which pay is being fixed. If the employee's highest previous rate was equal to or greater than the maximum rate for the grade in which pay is being fixed, the maximum rate of basic pay that may be paid the employee is the maximum rate for that grade. If the employee's highest previous rate was greater than the minimum rate, but less than the maximum rate for the grade in which pay is being fixed, the maximum payable rate shall be determined as follows:

(i) Using the pay rates in effect at the time the highest previous rate was earned for the grade in which pay is being fixed, find the difference between the employee's highest previous rate and the minimum rate for that grade—

(a). Find the difference between the maximum rate and the minimum rate for the same grade—(b). Divide (a) by (b); carry the result to the seventh decimal place; and truncate, rather than round, the result. This quotient—(c)—is a factor representing the employee's relative position in the rate range.

(ii) Using current pay rates, find the difference between the maximum rate and the minimum rate for the grade in which pay is being fixed—(d). Multiply (d) times the factor (c). Add the product of this multiplication to the minimum rate for the grade in which pay is being fixed. This figure, rounded to the next higher whole dollar, is the maximum rate of basic pay that may be paid the employee.

(d) *Basis for highest previous rate.* (1) Except as otherwise provided in this paragraph, the highest previous rate may be based on a regular tour of duty at any rate of basic pay received by an individual while serving under an appointment not limited to 90 days or less, or for a continuous period of not less than 90 days under one or more appointments without a break in service.

(2) The highest previous rate may not be based on the following:

(i) A rate received under an appointment as an expert or consultant under 5 U.S.C. 3109;

(ii) A rate received in a position to which the employee was temporarily promoted for less than 1 year, except upon permanent placement in a position at the same or higher grade;

(iii) A rate received in a position from which the employee was reassigned or reduced in grade for failure to complete satisfactorily a probationary period as a supervisor or manager;

(iv) A rate received under a void appointment or a rate otherwise contrary to applicable law or regulation;

(v) A rate received by an employee of the government of the District of Columbia who was first employed by that government on or after October 1, 1987;

(vi) A rate received solely during a period of interim relief under the interim relief provisions of 5 U.S.C. 7701(b)(2)(A); or

(vii) A special rate established under 5 U.S.C. 5305 and part 530 of this chapter, part 532 of this chapter, or other legal authority (other than section 403 of the Federal Employees Pay Comparability Act of 1990 (FEPCA) (Pub. L. 101–509, 104 Stat. 1465), unless, in a reassignment to another position in the same agency—

(A) The special rate of pay is the employee's current rate of basic pay; and

(B) An agency official specifically designated to make such determinations finds that the need for the services of the employee, and his or her contribution to the program of the agency, will be greater in the position to which he or she is being reassigned. Such determinations shall be made on a case-by-case basis, and in each case the agency shall make a written record of its positive determination to use the special rate as an employee's highest previous rate.

(3) In the case of an employee who has received or is receiving a special rate established under 5 U.S.C. 5305 and part 530 of this chapter, part 532 of this chapter, or other legal authority (other than section 403 of FEPCA); who is placed in a position in which a special rate does not apply; and for whom the special rate is *not* used as the highest previous rate under paragraph (d)(2)(vii) of this section; the highest previous rate may be based on the rate of basic pay for the step (or relative position) in the regular rate range that corresponds to the employee's existing step (or relative position) in the special rate range for the employee's current grade or pay level.

(e) *Agency classification action.* When an agency regrades a position to a grade higher than the one to which the position had been classified by Office action, and when subsequent to the regrading, the Office again classifies the position to the grade which it had originally assigned the position, the rate attained by the employee in the higher grade may not be used as his or her highest previous rate.

(f) *Simultaneous actions.* (1) General pay adjustments must be processed before any individual pay action that takes effect at the same time. General pay adjustments include annual adjustments under 5 U.S.C. 5303, adjustments in locality rates of pay under subpart F of this part, adjustments in special law enforcement adjusted rates of pay under subpart C of this part, adjustments in special salary rates under 5 U.S.C. 5305 or similar provision of law (including section 403 of FEPCA), increases in retained rates under part 536 of this chapter, and increases in continued rates under subparts C and G of this part.

(2) Pay adjustments (other than general pay adjustments) that take effect at the same time must be processed in the order that gives the employee the maximum benefit. When a position or appointment change and entitlement to a higher rate of pay occur at the same time, the higher rate of pay is deemed to be the employee's existing rate of basic pay.

(g) *Status as a GM employee.* (1) An employee retains status as a GM employee (as defined in § 531.202) when detailed to any position or when reassigned to another General Schedule position in which the employee continues to be a supervisor or management official (as defined in paragraphs (10) and (11) of section 7103(a) of title 5, United States Code).

(2) An employee permanently loses status as a GM employee if the employee is promoted (including a temporary or term promotion), transferred, reduced in grade, reassigned to a position in which the employee will no longer be a supervisor or management official, or has a break in service of more than 3 calendar days.

[45 FR 65498, Oct. 3, 1980, as amended at 46 FR 43823, Sept. 1, 1981; 50 FR 11794, Mar. 25, 1985; 50 FR 35495, 35499, Aug. 30, 1985; 53 FR 34274, Sept. 6, 1988; 55 FR 14829, Apr. 19, 1990; 56 FR 54530, Oct. 22, 1991; 57 FR 3712, Jan. 31, 1992; 58 FR 65535, Dec. 15, 1993; 59 FR 40793, Aug. 10, 1994; 64 FR 69173, Dec. 10, 1999]

§ 531.204 Special provisions.

(a) *Promotions and transfers.* (1) The requirements of section 5334(b) of title 5, United States Code, apply only to an employee who is promoted or transferred from a position in one grade of the General Schedule to a position in a higher grade of the General Schedule.

(2) For the purpose of section 5334(b) of title 5, United States Code, an employee's "existing rate of basic pay" includes any applicable special rate established under section 5305 of title 5, United States Code, or law enforcement special rate established under section 403 of the Federal Employees Pay Comparability Act of 1990 (FEPCA) (Pub. L. 101-509, 104 Stat. 1465).

(3) When an employee at grade GS-1 or grade GS-2 is promoted or transferred to a higher grade, the amount of a step increase above step 10 of the em-

ployee's grade equals the amount of the increment between step 9 and step 10 of the grade from which promoted.

(b) *Classification decisions.* When a classification decision is made effective retroactively under part 511 of this chapter, the agency shall treat the corrective personnel action affecting the employee concerned as a cancellation or correction, as the case may be, of the original action of demotion, and the employee is entitled to retroactive pay in accordance with the terms of the corrective action.

(c) *Expiration or termination of temporary promotions.* (1) On expiration or termination of a temporary promotion when an employee is returned to the lower grade, an agency must recompute the employee's rate of basic pay for the lower grade as if the employee had not been temporarily promoted unless the agency sets pay at a higher rate under § 531.203(d).

(2) In the case of an employee whose rate of basic pay would otherwise fall between two steps of General Schedule grade or applicable special rate range, the rate of basic pay of the employee must be increased to the rate for the next higher step of the grade or special rate range.

(d) *Rate of basic pay on acquiring status as a GM employee.* On acquiring status as a GM employee (as defined in § 531.202) on November 1, 1993, an employee shall continue to receive the rate of basic pay that was payable on October 31, 1993.

(e) *Rate of basic pay on loss of status as a GM employee.* On loss of status as a GM employee (as defined in § 531.202) under § 531.203(g)(2), an employee shall receive (except as provided in paragraph (f) of this section) his or her existing rate of basic pay, plus any of the following adjustments that may be applicable, in the order specified:

(1) The amount of any annual adjustment under section 5303 of title 5, United States Code, to which the employee would otherwise be entitled on that date or, for an employee subject to special pay rates, the amount of any pay adjustment made on that date under section 5305 of title 5, United States Code, and part 530 of this chapter;

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(2) The amount of any step increase under section 5335 of title 5, United States Code, and § 531.404 to which the employee otherwise would be entitled on that date;

(3) The amount resulting from a promotion effective on that date;

(4) In the case of an employee whose resulting rate of basic pay falls between two steps of a General Schedule grade (or, in the case of an employee whose position is subject to special pay rates, between the two steps of the applicable special rate range), the amount of any increase that may be necessary to pay the employee the rate for the next higher step of that grade (or special rate range); and

(5) In the case of an employee whose resulting rate of basic pay falls below the minimum rate of a General Schedule grade (or, in the case of an employee whose position is subject to special pay rates, below the minimum of the applicable special rate range), the amount of any increase that may be necessary to pay the employee the minimum rate for that grade (or special rate range).

(f) *Special exceptions.* Paragraphs (e) (1) through (4) of this section do not apply to any employee who loses status as a GM employee (as defined in § 531.202) under § 531.203(g)(2) as a result of—

(1) An action taken for disciplinary or performance related reasons;

(2) The expiration or termination of a temporary promotion; or

(3) A reduction in grade at the employee's request.

[45 FR 65498, Oct. 3, 1980, as amended at 47 FR 30229, July 13, 1982; 50 FR 11794, Mar. 25, 1985; 50 FR 35494, 35499, Aug. 30, 1985; 50 FR 40179, Oct. 1, 1985; 58 FR 65535, Dec. 15, 1993; 59 FR 40793, Aug. 10, 1994; 59 FR 66332, Dec. 28, 1994; 64 FR 69173, Dec. 10, 1999]

§ 531.205 Pay schedule conversion rules at the time of an annual pay adjustment under 5 U.S.C. 5303.

(a) On the effective date of a pay adjustment under 5 U.S.C. 5303, the rate of basic pay of an employee subject to the General Schedule shall be initially adjusted, except as provided in paragraph (b) of this section, as follows:

(1) If an employee is receiving basic pay immediately before the effective

date of his pay adjustment at one of the rates of a grade in the General Schedule, he shall receive the rate of basic pay for the corresponding numerical rate of the grade in effect on and after such date.

(2)(i) Except as provided in paragraphs (a)(2)(ii) through (iv) of this section, an agency shall determine the annual pay adjustment under 5 U.S.C. 5303 for a GM employee (as defined in § 531.202) as follows:

(A) Subtract the minimum rate of the range of the employee's position in effect on the day immediately preceding the pay adjustment from the employee's rate of basic pay on the day immediately preceding the pay adjustment;

(B) Subtract the minimum rate of the range in effect immediately preceding the pay adjustment from the maximum of that rate range;

(C) Divide the result of paragraph (a)(2)(i)(A) of this section by the result of paragraph (a)(2)(i)(B) of this section, carry the result to the seventh decimal place, and truncate, rather than round, the result;

(D) Subtract the minimum rate of the new rate range for the grade from the maximum rate of that range;

(E) Multiply the result of paragraph (a)(2)(i)(C) of this section by the result of paragraph (a)(2)(i)(D) of this section; and

(F) Add the result of paragraph (a)(2)(i)(E) of this section to the minimum of the new rate range and round to the next higher whole dollar amount.

(ii) The rate of basic pay of an employee which is at the minimum or maximum of the rate range in effect on the day preceding the pay adjustment shall be adjusted to the minimum or maximum of the new rate range, respectively.

(iii) The rate of basic pay of an employee which is less than the minimum rate of the rate range of the employee's position shall be increased by the full amount of the annual pay adjustment under 5 U.S.C. 5303 applicable to the rate range of the grade of the employee's position.

(iv) An employee who is receiving retained pay shall receive one-half of the

annual pay adjustment under 5 U.S.C. 5303, as required by 5 U.S.C. 5363(a).

(3) Except as provided in 5 U.S.C. 5363 and part 536 of this chapter, if an employee is receiving basic pay immediately before the effective date of his or her pay adjustment at a rate in excess of the maximum rate of his or her grade, the employee shall receive his or her existing rate of basic pay increased by the amount of increase made by the pay adjustment under 5 U.S.C. 5303 in the maximum rate for the employee's grade.

(4) If an employee, immediately before the effective date of his pay adjustment, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of pay determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of pay equal to the sum of his existing aggregate rate of pay on the day preceding the effective date of his adjustment, plus the amount of increase made by the pay adjustment under 5 U.S.C. 5303 in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate pay at a higher rate by reason of the operation of any provision of law; but, when this position becomes vacant, the aggregate rate of pay of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to paragraph (a)(4) (i) and (ii) of this section, the amount of the increase authorized by this section shall be held and considered for the purposes of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of pay of the employee.

(b) Rates of basic pay authorized under section 5305 of title 5, United States Code, paid to an employee subject to the General Schedule shall be adjusted by reason of a pay adjustment under 5 U.S.C. 5303 in accordance with § 530.307 of this part.

[45 FR 65498, Oct. 1980, as amended at 50 FR 35499, Aug. 30, 1985; 57 FR 2432, Jan. 22, 1992; 58 FR 65536, Dec. 15, 1993; 59 FR 11700, Mar. 14, 1994; 59 FR 40793, Aug. 10, 1994]

§ 531.206 Setting pay upon movement from nonappropriated fund instrumentalities.

(a) Unless the employee is eligible to receive a higher rate of basic pay under § 531.203(c) of this part, the initial rate of basic pay under the General Schedule of an employee of the Department of Defense or the Coast Guard who moves voluntarily, without a break in service of more than 3 days, from a position in a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard, respectively, may be set at any rate within the grade of the General Schedule position that does not exceed the highest previous rate of basic pay received by the employee during his or her service in a position in a nonappropriated fund instrumentality, as described in 5 U.S.C. 2105(c).

(b) Unless the employee is eligible to receive a higher rate of basic pay under paragraph (c) of this section, the initial rate of basic pay under the General Schedule of an employee of the Department of Defense or the Coast Guard who is moved involuntarily, without a break in service of more than 3 days, from a position with substantially the same duties in a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard, respectively, shall be set at the rate for the lowest step of the General Schedule grade in which pay is being set, for which the rate of basic pay is equal to or greater than the employee's rate of basic pay under the nonappropriated fund instrumentality immediately before the move.

(c) Unless an employee is entitled to receive a higher rate of basic pay under paragraph (b) of this section, the initial rate of basic pay of an employee who is moved involuntarily, without a break in service of more than 3 days, from a position under a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard to a position in the civil service employment system of the Department of Defense or the Coast Guard, respectively, may be set—

(1) At any rate within the grade of the General Schedule position that does not exceed the highest previous

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rate of basic pay received by the employee during his or her service in a nonappropriated fund instrumentality, as described in 5 U.S.C. 2105(c);

(2) Under the maximum payable rate rules in § 531.203(c) of this part; or

(3) Under the authority to grant pay retention in § 536.104(c) of this part.

[57 FR 12404, Apr. 10, 1992]

Subpart C—Special Pay Adjustments for Law Enforcement Officers

SOURCE: 57 FR 2432, Jan. 22, 1992, unless otherwise noted.

§ 531.301 Definitions.

In this subpart:

Law enforcement officer means a law enforcement officer as defined in § 550.103 of this part with respect to whom the provisions of chapter 51 of title 5, United States Code, apply, including members of the Senior Executive Service.

Official duty station means the duty station for an employee's position of record as indicated on his or her most recent notification of personnel action, excluding a new duty station for an assignment that is followed immediately (*i.e.*, within 3 workdays) by a reduction in force resulting in the employee's separation before he or she is required to report for duty at the new location. For an employee who is authorized to receive relocation allowances under 5 U.S.C. 5737 in connection with an extended assignment, the temporary duty station associated with that assignment is the employee's official duty station.

Scheduled annual rate of pay means—

(1) The General Schedule rate of basic pay for the employee's grade and step (or relative position in the rate range), including a special rate for law enforcement officers under section 403 of the Federal Employees Pay Comparability Act of 1990 (FEPCA) (Pub. L. 101–509), but exclusive of a special salary rate established under 5 U.S.C. 5305 or similar provision of law (other than section 403 of FEPCA), a *continued rate of pay* under subpart G of this part, a *special law enforcement adjusted rate of pay* under this subpart (including a

rate continued under § 531.307), a *locality rate of pay* under subpart F of this part, or additional pay of any kind;

(2) For a GM employee (as defined in § 531.202) who is receiving a special salary rate under 5 U.S.C. 5305 or similar provision of law, the rate of pay resulting from the following computation—

(i) Using the special salary rate schedule established under 5 U.S.C. 5305 or similar provision of law, subtract the dollar amount for step 1 of the employee's grade on the special salary rate schedule from the dollar amount for the employee's special salary rate; and

(ii) Add the result of paragraph (2)(i) of this definition to the dollar amount for step 1 of the employee's grade on the General Schedule; or

(3) A retained rate of pay under part 536 of this chapter, 5 CFR 359.705, or 5 U.S.C. 5334(b)(2), if applicable.

Special law enforcement adjusted rate of pay means an employee's scheduled annual rate of pay multiplied by the factor listed in § 531.302(a) of this part for the special pay adjustment area in which the employee's official duty station is located, subject to the limitation described in § 531.302 (b) or (c) of this part, if applicable.

Special pay adjustment area means any of the following Consolidated Metropolitan Statistical Areas (CMSA's), Primary Metropolitan Statistical Areas (PMSA's), or Metropolitan Statistical Areas (MSA's), as defined by the Office of Management and Budget (OMB):

(a) Boston-Worcester-Lawrence, MA-NH-ME-CTCMSA;

(b) Chicago-Gary-Kenosha, IL-IN-WI CMSA;

(c) Los Angeles-Riverside-Orange County, CA CMSA;

(d) New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA;

(e) Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD CMSA;

(f) San Francisco-Oakland-San Jose, CA CMSA;

(g) San Diego, CA MSA; or

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(h) Washington-Baltimore, DC-MD-VA-WV CMSA.

[57 FR 2432, Jan. 22, 1992, as amended at 58 FR 3200, Jan. 8, 1993; 58 FR 33499, June 18, 1993; 58 FR 69173, Dec. 30, 1993; 59 FR 11700, Mar. 14, 1994; 59 FR 67605, Dec. 30, 1994; 61 FR 3540, Feb. 1, 1996; 62 FR 25425, May 9, 1997; 64 FR 69173, Dec. 10, 1999]

§ 531.302 Determining special law enforcement adjusted rates of pay.

(a) To determine the special law enforcement adjusted rate of pay, the scheduled annual rate or pay for a law enforcement officer whose official duty station is in one of the special pay adjustment areas listed below shall be multiplied by the factor shown for that area:

| Special pay adjustment area | Factor |
|--|--------|
| Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA | 1.16 |
| Chicago-Gary-Kenosha, IL-IN-WI CMSA | 1.04 |
| Los Angeles-Riverside-Orange County, CA CMSA | 1.16 |
| New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA | 1.16 |
| Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD CMSA | 1.04 |
| San Francisco-Oakland-San Jose, CA CMSA | 1.16 |
| San Diego, CA MSA | 1.08 |
| Washington-Baltimore, DC-MD-VA-WV CMSA | 1.04 |

(b) Except as provided in paragraph (c) of this section, the special law enforcement adjusted rate of pay may not exceed the rate of basic pay payable for level IV of the Executive Schedule.

(c) The special law enforcement adjusted rate of pay for an employee in a position described in 5 U.S.C. 5304(h)(1)(A)-(C), in a senior executive position covered under 5 U.S.C. 3132, or in a senior executive position covered under 5 U.S.C. 3151 may not exceed the rate for level III of the Executive Schedule.

[57 FR 2432, Jan. 22, 1992, as amended at 59 FR 11700, Mar. 14, 1994; 69 FR 2050, Jan. 13, 2004]

§ 531.303 Computation of hourly, daily, weekly, and biweekly adjusted rates of pay.

When it is necessary to convert the special law enforcement adjusted rate of pay to an hourly, daily, weekly, or biweekly rate, the following methods apply:

(a) To derive an hourly rate, divide the adjusted annual rate of pay by 2,087 and round to the nearest cent, count-

ing one-half cent and over as a whole cent;

(b) To derive a daily rate, multiply the hourly rate by the number of daily hours of service required by the employee's basic daily tour of duty;

(c) To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be.

§ 531.304 Administration of special law enforcement adjusted rates of pay.

(a) A law enforcement officer shall receive the greatest of—

(1) His or her rate of basic pay, including any applicable special salary rate established under 5 U.S.C. 5305 or similar provision of law or special rate for law enforcement officers under section 403 of FEPCA;

(2) A *continued rate of pay* under subpart G of this part;

(3) A special law enforcement adjusted rate of pay under this subpart, where applicable, including a special law enforcement adjusted rate of pay continued under § 531.307; or

(4) A "locality rate of pay" under subpart F of this part, where applicable.

(b) A special law enforcement adjusted rate of pay and a special law enforcement adjusted rate of pay that is continued under § 531.307(a) are considered basic pay for the purpose of computing—

(1) Retirement deductions and benefits under chapters 83 or 84 of title 5, United States Code;

(2) Life insurance premiums and benefits under parts 870, 871, 872, and 873 of this chapter;

(3) Premium pay under subparts A and I of part 550 of this chapter (including the computation of limitations on premium pay under 5 U.S.C. 5547, overtime pay under 5 U.S.C. 5542(a), and compensatory time off under 5 U.S.C. 5543);

(4) Severance pay under subpart G of part 550 of this chapter;

(5) Advances in pay under subpart B of part 550 of this chapter; and

(6) Basic pay that a career appointee in the Senior Executive Service elects to continue while serving under certain Presidential appointments, as provided by 5 U.S.C. 3392(c)(1) and § 317.801 of this chapter.

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(c) When an employee's official duty station is changed from a location not in a special pay adjustment area to a location in a special pay adjustment area, payment of the special law enforcement adjusted rate of pay begins on the effective date of the change in official duty station.

(d) A special law enforcement adjusted rate of pay is paid only for those hours for which an employee is in a pay status.

(e) A special law enforcement adjusted rate of pay shall be adjusted as of the effective date of any change in the applicable scheduled annual rate of pay.

(f) Except as provided in paragraph (g) of this section, entitlement to a special law enforcement adjusted rate of pay under this subpart terminates on the date—

(1) An employee's official duty station is no longer located in a special pay adjustment area;

(2) An employee is no longer in a position covered by this subpart;

(3) An employee separates from Federal service;

(4) An employee's special salary rate under 5 U.S.C. 5305 or similar provision of law (other than section 403 of FEPCA) exceeds his or her special law enforcement adjusted rate of pay under this subpart; or

(5) An employee's "locality rate of pay" under subpart F of this subpart exceeds his or her special law enforcement adjusted rate of pay under this subpart.

(g) In the event of a change in the geographic area covered by a CMSA, PMSA, or MSA described in § 531.301 of this chapter, the effective date of a change in an employee's entitlement to a special law enforcement adjusted rate of pay under this subpart shall be the first day of the first pay period beginning on or after the date on which a change in the definition of the CMSA, PMSA, or MSA is made effective.

(h) Payment of, or an increase in, a special law enforcement adjusted rate of pay is not an equivalent increase in pay within the meaning of 5 U.S.C. 5335.

(i) A special law enforcement adjusted rate of pay is included in an employee's "total remuneration," as de-

fined in § 551.511(b) of this chapter, and "straight time rate of pay," as defined in § 551.512(b) of this chapter, for the purpose of computations under the Fair Labor Standards Act of 1938, as amended.

(j) Termination of a special law enforcement adjusted rate of pay under paragraph (f) of this section is not an adverse action for the purpose of subpart D of part 752 of this chapter.

(k) When an employee's *special law enforcement adjusted rate of pay* under this subpart is greater than any applicable *locality rate of pay* under subpart F of this part, a *continued rate of pay* under subpart G of this part, or special salary rate under 5 U.S.C. 5305 or similar provision of law (other than section 403 of FEPCA), the payment of the rate resulting from the comparison required by paragraph (a) of this section shall be deemed to have reduced the special pay adjustment for law enforcement officers payable under section 404 of FEPCA, as authorized by section 404(a) of FEPCA.

[57 FR 2432, Jan. 22, 1992, as amended at 58 FR 33499, June 18, 1993; 58 FR 69173, Dec. 30, 1993; 61 FR 3540, Feb. 1, 1996; 64 FR 36771, July 8, 1999; 64 FR 69173, Dec. 10, 1999]

§ 531.305 Reports.

The Office of Personnel Management may require agencies to report pertinent information concerning the administration of payments under this subpart.

§ 531.306 Effect of special pay adjustments for law enforcement officers on retention payments under FBI demonstration project.

As required by section 406 of the Federal Employees Pay Comparability Act of 1990 (Pub. L. 101-509), a retention payment payable to an employee of the New York Field Division of the Federal Bureau of Investigation under section 601(a)(2) of Public Law 100-453, as amended, shall be reduced by the amount of any special any adjustment for law enforcement officers payable to that employee under this subpart. For the purpose of applying this section, the amount of the special pay adjustment for law enforcement officers shall be determined by subtracting the employee's scheduled annual rate of pay

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from his or her special law enforcement adjusted rate of pay.

[61 FR 3540, Feb. 1, 1996]

§ 531.307 Continuation of a special law enforcement adjusted rate of pay.

(a) Except as provided in paragraphs (c) and (d) of this section, the dollar amount of a special law enforcement adjusted rate of pay that was calculated under regulations which included nationwide or worldwide special salary rates established under 5 U.S.C. 5305 in the definition of "scheduled annual rate of pay" shall not be reduced.

(b) At the time of an adjustment in pay under 5 U.S.C. 5303, a special law enforcement adjusted rate of pay continued under paragraph (a) of this section shall be increased by the lesser of—

(1) The dollar amount of the adjustment (including a zero adjustment) made under 5 U.S.C. 5303 in the General Schedule rate of basic pay for the employee's grade and step (or relative position in the rate range); or

(2) The dollar amount of the adjustment (including a zero adjustment) in the special salary rate applicable to the employee as a result of the annual review of special rates required by 5 CFR 530.304.

(c) When an employee who is receiving a special law enforcement adjusted rate of pay continued under paragraph (a) of this section moves to a position in another special pay adjustment area to which a lesser special pay adjustment factor is applicable under § 531.302(a), the continued rate shall be reduced. The reduced continued rate shall be derived by—

(1) Determining the special law enforcement adjusted rate of pay to which the employee would have been entitled immediately before the employee's continued rate was first established if the special pay adjustment factor for the new area had been applicable; and

(2) Adjusting that rate as required under paragraph (b) of this section during the intervening period.

(d) A special law enforcement adjusted rate of pay that is continued under this section terminates on the date any of the conditions specified in § 531.304(f) is satisfied or on the date an

employee is reduced in grade or is no longer in a position covered by a nationwide or worldwide special rate authorization (or, in the event of the conversion of a nationwide or worldwide special rate authorization to a local special rate authorization, a position covered by the new local special rate authorization).

[58 FR 69173, Dec. 30, 1993]

Subpart D—Within-Grade Increases

SOURCE: 46 FR 2319, Jan. 9, 1981, unless otherwise noted.

§ 531.401 Principal authorities.

The following are the principal authorities for the regulations in this subpart:

(a) Section 2301(b)(3) of title 5, United States Code, provides in part that "appropriate incentives and recognition should be provided for excellence in performance."

(b) Section 5301(a)(2) of title 5, United States Code, provides that "pay distinctions be maintained in keeping with work and performance distinctions."

(c) Section 5338 of title 5, United States Code, provides that "The Office of Personnel Management may prescribe regulations necessary for the administration" of General Schedule pay rates, including within-grade increases.

(d) Section 4 of the Performance Management and Recognition System Termination Act of 1993 (Pub. L. 103-89) provides that "the Office of Personnel Management shall prescribe regulations necessary for the administration of this section."

[51 FR 8419, Mar. 11, 1986, as amended at 59 FR 40793, Aug. 10, 1994; 60 FR 33098, June 27, 1995]

§ 531.402 Employee coverage.

(a) Except as provided in paragraph (b) of this section, this subpart applies to employees who occupy permanent positions classified and paid under the General Schedule and who are paid less than the maximum rate of their grades.

(b) This subpart does not apply to:

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(1) Members of the Senior Executive Service established under subchapter II of chapter 31 of title 5, United States Code;

(2) Individuals appointed by the President, by and with the advice and consent of the Senate; and

(3) Employees of the government of the District of Columbia.

[46 FR 2319, Jan. 9, 1981, as amended at 50 FR 35499, Aug. 30, 1985; 58 FR 65536, Dec. 15, 1993; 60 FR 43947, Aug. 23, 1995]

§ 531.403 Definitions.

In this subpart:

Acceptable level of competence means performance by an employee that warrants advancement of the employee's rate of basic pay to the next higher step of the grade or the next higher rate within the grade (as defined in this section) of his or her position, subject to the requirements of § 531.404 of this subpart, as determined by the head of the agency.

Agency means an agency defined in section 5102 of title 5, United States Code.

Calendar week means a period of any seven consecutive calendar days.

Critical element has the meaning given that term in § 430.203 of this chapter.

Employee means an employee of an agency.

Equivalent increase means an increase or increases in an employee's rate of basic pay equal to or greater than the difference between the employee's rate of basic pay and the rate of pay for the next higher step of that grade or the next higher rate within the grade (as defined in this section).

Next higher rate within the grade for a GM employee (as defined in § 531.202) means the rate of basic pay which exceeds an employee's existing rate of basic pay by one-ninth of the difference between the minimum and maximum rates of pay for the applicable General Schedule grade or special salary rate schedule established under section 5305 of title 5, United States Code, not to exceed the maximum rate for the grade.

Permanent position means a position filled by an employee whose appointment is not designated as temporary by law and does not have a definite time limitation of one year or less.

"Permanent position" includes a position to which an employee is promoted on a temporary or term basis for at least one year.

Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind.

Scheduled tour of duty means any work schedule established for an employee in accordance with the regular procedures for the establishment of workweeks in § 610.111 of this chapter. For a full-time employee this includes the basic 40-hour workweek. For a part-time employee this is any regularly scheduled work of less than 40-hours during the administrative workweek.

Waiting period means the minimum time requirement of creditable service to become eligible for consideration for a within-grade increase.

Within-grade increase is synonymous with the term "step increase" used in section 5335 of title 5, United States Code, and means—

(1) A periodic increase in an employee's rate of basic pay from one step of the grade of his or her position to the next higher step of that grade in accordance with section 5335 of title 5, United States Code, and this subpart; or

(2) For a GM employee (as defined in § 531.202), a periodic increase in an employee's rate of basic pay from his or her current rate to the next higher rate within the grade (as defined in this section) in accordance with section 4 of Pub. L. 103–89.

[46 FR 2319, Jan. 9, 1981, as amended at 46 FR 41019, Aug. 14, 1981; 48 FR 49486, Oct. 25, 1983; 51 FR 8420, Mar. 11, 1986; 58 FR 65536, Dec. 15, 1993; 59 FR 40793, Aug. 10, 1994; 60 FR 33098, June 27, 1995; 60 FR 43947, Aug. 23, 1995]

§ 531.404 Earning within-grade increase.

An employee paid at less than the maximum rate of the grade of his or her position shall earn advancement in pay to the next higher step of the grade or the next higher rate within the grade (as defined in § 531.403) upon meeting the following three requirements established by law:

(a) The employee's performance must be at an acceptable level of competence, as defined in this subpart. To be determined at an acceptable level of competence, the employee's most recent rating of record (as defined in § 430.203 of this chapter) shall be at least Level 3 ("Fully Successful" or equivalent).

(1) When a within-grade increase decision is not consistent with the employee's most recent rating of record a more current rating of record must be prepared.

(2) The rating of record used as the basis for an acceptable level of competence determination for a within-grade increase must have been assigned no earlier than the most recently completed appraisal period.

(b) The employee must have completed the required waiting period for advancement to the next higher step of the grade of his or her position.

(c) The employee must not have received an equivalent increase during the waiting period.

[51 FR 8420, Mar. 11, 1986, as amended at 58 FR 65536, Dec. 15, 1993; 60 FR 43948, Aug. 23, 1995]

§ 531.405 Waiting periods for within-grade increase.

(a) *Length of waiting period.* (1) For an employee with a scheduled tour of duty, the waiting periods for advancement to the next higher step in all General Schedule grades (or the next higher rate within the grade, as defined in § 531.403) are:

(i) Rate of basic pay less than the rate of basic pay at step 4–52 calendar weeks of creditable service;

(ii) Rate of basic pay equal to or greater than the rate of basic pay at step 4 and less than the rate of basic pay at step 7–104 calendar weeks of creditable service; and

(iii) Rate of basic pay equal to or greater than the rate of basic pay at step 7–156 calendar weeks of creditable service.

(2) For an employee without a scheduled tour of duty, the waiting periods for advancement to the next higher step of all General Schedule grades (or the next higher rate within the grade, as defined in § 531.403) are:

(i) Rate of basic pay less than the rate of basic pay at step 4–260 days of creditable service in a pay status over a period of not less than 52 calendar weeks;

(ii) Rate of basic pay equal to or greater than the rate of basic pay at step 4 and less than the rate of basic pay at step 7–520 days of creditable service in a pay status over a period of not less than 104 calendar weeks; and

(iii) Rate of basic pay equal to or greater than the rate of basic pay at step 7–780 days of creditable service in a pay status over a period of not less than 156 calendar weeks.

(b) *Commencement of a waiting period.* A waiting period begins;

(1) On the first appointment as an employee of the Federal Government, regardless of tenure;

(2) On receiving an equivalent increase; or

(3) After a period of nonpay status or a break in service (alone or in combination) in excess of 52 calendar weeks, unless the nonpay status or break in service is creditable service under § 531.406 of this subpart.

(c) A waiting period is not interrupted by non-workdays intervening between an employee's last scheduled workday in one position and his or her first scheduled workday in a new position.

[46 FR 2319, Jan. 9, 1981, as amended at 58 FR 65536, Dec. 15, 1993; 59 FR 40794, Aug. 10, 1994]

§ 531.406 Creditable service.

(a) *General.* Civilian employment in any branch of the Federal Government (executive, legislative, or judicial) or with a Government corporation as defined in section 103 of title 5, United States Code, is creditable service in the computation of a waiting period. Service credit is given during this employment for periods of annual, sick, and other leave with pay; advanced annual and sick leave; service under a temporary or term appointment; and service under an interim appointment made under § 772.102 of this chapter. Depending on the specific provision of law or regulation, service may be creditable for the completion of one waiting period or for the completion of successive waiting periods. Paragraph (b) of this section identifies service which

is creditable in the computation of a single waiting period. Paragraph (c) identifies service which is creditable in the computation of successive waiting periods.

(b) *Service creditable for one within-grade increase.* (1) Military service as defined in section 8331(13) of title 5, United States Code, is creditable service in the computation of a waiting period when an employee is reemployed with the Federal Government not later than 52 calendar weeks after separation from such service or hospitalization continuing thereafter for a period of not more than one year.

(2) Time in a nonpay status (based upon the tour of duty from which the time was charged) is creditable service in the computation of a waiting period for an employee with a scheduled tour of duty when it does not exceed an aggregate of:

(i) Two workweeks in the waiting period for an employee whose rate of basic pay is less than the rate of basic pay for step 4 of the applicable grade;

(ii) Four workweeks in the waiting period for an employee whose rate of basic pay is equal to or greater than the rate of basic pay for step 4 of the applicable grade and less than the rate of basic pay for step 7 of the applicable grade; and

(iii) Six workweeks in the waiting period for an employee whose rate of basic pay is equal to or greater than the rate of basic pay for step 7 of the applicable grade.

Except as provided in paragraph (c) of this section, time in a nonpay status in excess of the allowable amount shall extend a waiting period by the excess amount.

(3) Except as provided in paragraph (c) of this section, time in a nonpay status (based upon the tour of duty from which the time was charged) that is in excess of the allowable amount shall extend a waiting period by the excess amount.

(4) Service by an employee of a non-appropriated fund instrumentality of the Department of Defense or the Coast Guard, as defined in 5 U.S.C. 2105(c), who moves, within the civil service employment system of the Department of Defense or the Coast Guard, respectively, and without a break in service

of more than 3 days, to a position classified and paid under the General Schedule, is creditable service in the computation of a waiting period.

(c) *Service creditable for successive within-grade increases.* (1) A leave of absence from a position in which an employee is covered by this subpart, whether the employee is on leave without pay or is considered to be on furlough, is creditable service in the computation of waiting periods for successive within-grade increases when:

(i) The employee is absent for the purpose of engaging in military service as defined in section 8331(13) of title 5, United States Code, and returns to a pay status through the exercise of a restoration right provided by law, Executive order, or regulation;

(ii) The employee is receiving injury compensation under subchapter I of chapter 81 of title 5, United States Code;

(iii) The employee is performing service that is creditable under section 8332(b) (5) or (7) of title 5, United States Code;

(iv) The employee is temporarily employed by another agency in a position covered by this subpart; or

(v) The employee is assigned to a State or local government or institution of higher education under sections 3371–3376 of title 5, United States Code.

(2) The period from the date of an employee's separation from Federal service with a restoration or reemployment right granted by law, Executive order, or regulation to the date of restoration or reemployment with the Federal Government through the exercise of that right is creditable service in the computation of waiting periods for successive within-grade increases.

(3) The period during which a separated employee is in receipt of injury compensation under subchapter I of chapter 81 of title 5, United States Code, as a result of an injury incurred by the employee in the performance of duty is creditable service in the computation of waiting periods for successive within-grade increases when the

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employee is reemployed with the Federal Government.

[46 FR 2319, Jan. 9, 1981, as amended at 46 FR 41019, Aug. 14, 1981; 46 FR 43371, Aug. 28, 1981; 46 FR 45747, Sept. 15, 1981; 57 FR 3712, Jan. 31, 1992; 57 FR 12404, Apr. 10, 1992; 59 FR 40794, Aug. 10, 1994; 59 FR 66332, Dec. 28, 1994]

§ 531.407 Equivalent increase determinations.

(a) *Multiple increases.* When an employee receives more than one increase in his or her rate of basic pay during a waiting period, no one of which is an equivalent increase, the first and subsequent increases during the waiting period shall be added together until they amount to an equivalent increase, at which time the employee shall be deemed to have received an equivalent increase.

(b) *Position change.* When an employee changes positions without receiving an equivalent increase, or when an individual not covered by this subpart moves to a position in which he or she is covered by this subpart without receiving an equivalent increase, he or she shall be deemed to have received his or her last equivalent increase—

(1) At the time of the last equivalent increase in the prior position; or

(2) At the time he or she was deemed to have received an equivalent increase in the prior position under paragraph (a) of this section, if that is later.

(c) *Increases in pay not considered equivalent increases.* An increase in an employee's rate of basic pay shall not be considered an equivalent increase when it results from the following:

(1) A statutory pay adjustment, including a general pay increase made under section 5403 of title 5, United States Code, but not including a merit increase made under section 5404 of that title;

(2) The periodic adjustment of a wage schedule or the application of a new pay or evaluation plan under the Federal Wage System;

(3) The establishment of higher minimum rates under section 5305 of title 5, United States Code, or an increase in such rates;

(4) A quality step increase under section 5336 of title 5, United States Code, and subpart E of this part;

(5) A temporary or term promotion when returned to the permanent grade and step;

(6) An increase resulting from placement of an employee in a supervisory or managerial position who does not satisfactorily complete a probationary period established under section 3321(a)(2) of title 5, United States Code, and is returned to a position at the same grade and step held by the employee before such placement; and

(7) An interim within-grade increase terminated under § 531.414(c) of this part.

(d) *Merit increases.* For the purpose of applying section 5335 of title 5, United States Code, and this subpart, all or any portion of a merit increase, or a zero merit increase, authorized under former section 5404 of title 5, United States Code (which was repealed as of November 1, 1993, by Public Law 103-89), is an equivalent increase.

[46 FR 2319, Jan. 9, 1981, as amended at 50 FR 35499, Aug. 30, 1985; 56 FR 20333, May 3, 1991; 57 FR 3712, Jan. 31, 1992; 64 FR 69173, Dec. 10, 1999]

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§ 531.409 Acceptable level of competence determinations.

(a) *Responsibility.* The head of the agency or other agency official to whom such authority is delegated shall determine which employees are performing at an acceptable level of competence.

(b) *Basis for determination.* When applicable, an acceptable level of competence determination shall be based on a current rating of record made under part 430, subpart B, of this chapter. For those agencies not covered by chapter 43 of title 5, United States Code, and for employees in positions excluded from 5 U.S.C. 4301, an acceptable level of competence determination shall be based on performance appraisal requirements established by the agency. If an employee has been reduced in grade because of unacceptable performance and has served in one position at the lower grade for at least the minimum period established by the agency, a rating of record at the lower grade shall be used as the basis for an

acceptable level of competence determination.

(c) *Delay in determination.* (1) An acceptable level of competence determination shall be delayed when, and only when, either of the following applies:

(i) An employee has not had the minimum period of time established at § 430.207(a) of this chapter to demonstrate acceptable performance because he or she has not been informed of the specific requirements for performance at an acceptable level of competence in his or her current position, and the employee has not been given a performance rating in any position within the minimum period of time (as established at § 430.207(a) of this chapter) before the end of the waiting period; or

(ii) An employee is reduced in grade because of unacceptable performance to a position in which he or she is eligible for a within-grade increase or will become eligible within the minimum period as established at § 430.207(a) of this chapter.

(2) When an acceptable level of competence determination has been delayed under this subpart:

(i) The employee shall be informed that his or her determination is postponed and the appraisal period extended and shall be told of the specific requirements for performance at an acceptable level of competence.

(ii) An acceptable level of competence determination shall then be made based on the employee's rating of record completed at the end of the extended appraisal period.

(iii) If, following the delay, the employee's performance is determined to be at an acceptable level of competence, the within-grade increase will be granted retroactively to the beginning of the pay period following completion of the applicable waiting period.

(d) *Waiver of requirement for determination.* (1) An acceptable level of competence determination shall be waived and a within-grade increase granted when an employee has not served in any position for the minimum period under an applicable agency performance appraisal program during the final 52 calendar weeks of the

waiting period for one or more of the following reasons:

(i) Because of absences that are creditable service in the computation of a waiting period or periods under § 531.406 of this subpart;

(ii) Because of paid leave;

(iii) Because the employee received service credit under the back pay provisions of subpart H of part 550 of this chapter;

(iv) Because of details to another agency or employer for which no rating has been prepared;

(v) Because the employee has had insufficient time to demonstrate an acceptable level of competence due to authorized activities of official interest to the agency not subject to appraisal under part 430 of this chapter (including, but not limited to, labor-management partnership activities under section 2 of Executive Order 12871 and serving as a representative of a labor organization under chapter 71 of title 5, United States Code); or

(vi) Because of long-term training.

(2) When an acceptable level of competence determination has been waived and a within-grade increase granted under paragraph (d)(1) of this section, there shall be a presumption that the employee would have performed at an acceptable level of competence had the employee performed the duties of his or her position of record for the minimum period under the applicable agency performance appraisal program.

(e) *Notice of determination.* (1) A level of competence determination shall be communicated to an employee in writing as soon as possible after completion of the waiting period or other period upon which it was based.

(2) When the head of an agency or his or her designee determines that an employee's performance is not at an acceptable level of competence, the negative determination shall be communicated to the employee in writing and shall:

(i) Set forth the reasons for any negative determination and the respects in which the employee must improve his or her performance in order to be granted a within-grade increase under § 531.411 of this subpart.

(ii) Inform the employee of his or her right to request that the appropriately

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designated agency official reconsider the determination.

[46 FR 2319, Jan. 9, 1981, as amended at 51 FR 8420, Mar. 11, 1986; 60 FR 43948, Aug. 23, 1995; 62 FR 62503, Nov. 24, 1997]

§531.410 Reconsideration of a negative determination.

(a) When an agency head, or his or her designee, issues a negative determination the following procedures are established in accordance with section 5335(c) of title 5, United States Code for reconsideration of the negative determination:

(1) An employee or an employee's personal representative may request reconsideration of a negative determination by filing, not more than 15 days after receiving notice of determination, a written response to the negative determination setting forth the reasons the agency shall reconsider the determination;

(2) When an employee files a request for reconsideration, the agency shall establish an employee reconsideration file which shall contain all pertinent documents relating to the negative determination and the request for reconsideration, including copies of the following:

(i) The written negative determination and the basis therefore;

(ii) The employee's written request for reconsideration;

(iii) The report of investigation when an investigation is made;

(iv) The written summary or transcript of any personal presentation made; and

(v) The agency's decision on the request for reconsideration.

The file shall not contain any document that has not been made available to the employee or his or her personal representative with an opportunity to submit a written exception to any summary of the employee's personal presentation;

(3) An employee in a duty status shall be granted a reasonable amount of official time to review the material relied upon to support the negative determination and to prepare a response to the determination; and

(4) The agency shall provide the employee with a prompt written final decision.

(b) The time limit to request a reconsideration may be extended when the employee shows he or she was not notified of the time limit and was not otherwise aware of it, or that the employee was prevented by circumstances beyond his or her control from requesting reconsideration within the time limit.

(c) An agency may disallow as an employee's personal representative an individual whose activities as a representative would cause a conflict of interest of position, an employee whose release from his or her official duties and responsibilities would give rise to unreasonable costs to the Government, or an employee whose priority work assignment precludes his or her release from official duties and responsibilities. Section 7114 of title 5, United States Code, and the terms of any applicable collective bargaining agreement govern representation for employees in an exclusive bargaining unit.

(d) When a negative determination is sustained after reconsideration, an employee shall be informed in writing of the reasons for the decision and of his or her right to appeal the decision to the Merit Systems Protection Board. However, for an employee covered by a collective bargaining agreement a reconsideration decision that sustains a negative determination is only reviewable in accordance with the terms of the agreement.

[46 FR 2319, Jan. 9, 1981, as amended at 50 FR 45389, Oct. 31, 1985]

§531.411 Continuing evaluation after withholding a within-grade increase.

When a within-grade increase has been withheld, an agency may, at any time thereafter, prepare a new rating of record for the employee and grant the within-grade increase when it determines that he or she has demonstrated sustained performance at an acceptable level of competence. However, the agency shall determine whether the employee's performance is at an acceptable level of competence after no more than 52 calendar weeks following the original eligibility date for the within-grade increase and, for as long as the within-grade increase

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continues to be denied, determinations will be made after no longer than each 52 calendar weeks.

[51 FR 8421, Mar. 11, 1986]

§ 531.412 Effective date of a within-grade increase.

(a) Except as provided in paragraph (b) of this section, a within-grade increase shall be effective on the first day of the first pay period following completion of the required waiting period and in compliance with the conditions of eligibility. Interim within-grade increases shall become effective as provided in § 541.414(b).

(b) When an acceptable level of competence is achieved at some time after a negative determination, the effective date is the first day of the first pay period after the acceptable determination has been made.

[46 FR 2319, Jan. 9, 1981, as amended at 46 FR 41020, Aug. 14, 1981; 59 FR 24029, May 10, 1994]

§ 531.413 Reports and evaluation of within-grade increase authority.

(a) *Reports.* The Office of Personnel Management may require agencies to maintain records and report on the use of the authority to grant or withhold within-grade increases.

(b) *Evaluation.* The Office of Personnel Management may evaluate an agency's use of the authority to grant or withhold within-grade increases. An agency shall take any corrective action required by the Office.

§ 531.414 Interim within-grade increase.

(a) An interim within-grade increase shall be granted to an employee who has:

(1) Appealed a negative within-grade increase determination to the Merit Systems Protection Board under 5 U.S.C 5335(c); and

(2) Been granted a favorable within-grade increase determination under the interim relief provisions of 5 U.S.C. 7701(b)(2).

(b) An interim within-grade increase granted under paragraph (a) of this section shall become effective on the date of the appellate decision ordering interim relief under 5 U.S.C. 7701(b)(2)(A).

(c) If the final decision of the Merit Systems Protection Board upholds the negative within-grade increase determination, an interim within-grade increase granted under this section shall be terminated on the date of the Board's final decision.

(d) If the final decision of the Merit Systems Protection Board overturns the negative within-grade increase determination, an interim within-grade increase granted under this section shall be made permanent and shall be granted retroactively to the first day of the first pay period beginning on or after completion of the applicable waiting period.

(e) An employee may not appeal the termination of an interim within-grade increase under paragraph (c) of this section.

[57 FR 3712, Jan. 31, 1992, as amended at 59 FR 24030, May 10, 1994; 59 FR 65703, Dec. 21, 1994]

Subpart E—Quality Step Increases

SOURCE: 33 FR 12448, Sept. 4, 1968, unless otherwise noted.

§ 531.501 Applicability.

This subpart contains regulations of the Office of Personnel Management to carry out section 5336 of title 5, United States Code, which authorizes the head of an agency, or another official to whom such authority is delegated, to grant quality step increases.

[60 FR 43948, Aug. 23, 1995]

§ 531.502 Definitions.

Agency means an agency defined in section 5102 of title 5, United States Code.

Employee means an employee of an agency.

Quality step increase is synonymous with the term "step increase" used in section 5336 of title 5, United States Code, and means an increase in an employee's rate of basic pay from one step or rate of the grade of his or her position to the next higher step of that grade or next higher rate within the grade (as defined in § 531.403) in accordance with section 5336 of title 5, United States Code, section 4 of the Performance Management and Recognition

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System Termination Act of 1993 (Pub. L. 103-89), and this subpart.

[46 FR 2322, Jan. 9, 1981, as amended at 46 FR 41020, Aug. 14, 1981; 58 FR 65537, Dec. 15, 1993; 59 FR 40794, Aug. 10, 1994]

§ 531.503 Purpose of quality step increases.

The purpose of quality step increases is to provide appropriate incentives and recognition for excellence in performance by granting faster than normal step increases.

[60 FR 43948, Aug. 23, 1995]

§ 531.504 Level of performance required for quality step increase.

A quality step increase shall not be required but may be granted only to—

(a) An employee who receives a rating of record at Level 5 (“Outstanding” or equivalent), as defined in part 430, subpart B, of this chapter; or

(b) An employee who, when covered by a performance appraisal program that does not use a Level 5 summary—

(1) Receives a rating of record at the highest summary level used by the program; and

(2) Demonstrates sustained performance of high quality significantly above that expected at the “Fully Successful” level in the type of position concerned, as determined under performance-related criteria established by the agency.

[60 FR 43948, Aug. 23, 1995]

§ 531.505 Restrictions on granting quality step increases.

As provided by 5 U.S.C. 5336, a quality step increase may not be granted to an employee who has received a quality step increase within the preceding 52 consecutive calendar weeks.

[51 FR 8421, Mar. 11, 1986]

§ 531.506 Effective date of a quality step increase.

The quality step increase should be made effective as soon as practicable after it is approved.

[60 FR 43948, Aug. 23, 1995]

§ 531.507 Agency responsibilities.

(a) Agencies shall maintain and submit to OPM such records as OPM may require.

(b) Agencies shall report quality step increases to the Central Personnel Data File in compliance with instructions in the OPM Operating Manual, FEDERAL WORKFORCE REPORTING SYSTEMS, for sale by the U.S. Government Printing Office, Superintendent of Documents.

[60 FR 43948, Aug. 23, 1995]

§ 531.508 Evaluation of quality step increase authority.

The Office of Personnel Management may evaluate an agency’s use of the authority to grant quality step increases. The agency shall take any corrective action required by the Office.

[60 FR 43948, Aug. 23, 1995]

Subpart F—Locality-Based Comparability Payments

SOURCE: 58 FR 69174, Dec. 30, 1993, unless otherwise noted.

§ 531.601 Purpose.

This subpart provides regulations to implement 5 U.S.C. 5304, which authorizes locality-based comparability payments to reduce pay disparities with non-Federal workers within each locality when the locality is determined to have a pay disparity of greater than 5 percent. These regulations must be read together with 5 U.S.C. 5304.

§ 531.602 Definitions.

In this subpart:

Continental United States means the several States and the District of Columbia, but does not include Alaska or Hawaii.

CSA means the geographic scope of a Combined Statistical Area, as defined by the Office of Management and Budget (OMB) in OMB Bulletin No. 04-03, plus any areas subsequently added to the CSA by OMB.

Employee means—

(1) An employee in a position to which 5 U.S.C. chapter 53, subchapter III, applies and whose official duty station is located in a locality pay area

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within the continental United States, including a GM employee (as defined in § 531.202); and

(2) An employee in a category of positions described in 5 U.S.C. 5304(h)(1)(A)–(D) for which the President (or designee) has authorized locality-based comparability payments under 5 U.S.C. 5304(h)(2) and whose official duty station is located in a locality pay area.

General Schedule means the basic pay schedule established under 5 U.S.C. 5332, as adjusted by the President under 5 U.S.C. 5303.

Locality pay area means an area listed in § 531.603 of this part, as established and modified under 5 U.S.C. 5304 by the Pay Agent designated by the President under 5 U.S.C. 5304(d)(1).

Locality rate of pay means an employee's scheduled annual rate of pay increased by the percentage determined under § 531.604(a) and rounded to the nearest whole dollar, counting 50 cents and over as the next higher dollar.

MSA means the geographic scope of a Metropolitan Statistical Area, as defined by the Office of Management and Budget (OMB) in OMB Bulletin No. 04–03, plus any areas subsequently added to the MSA by OMB.

Official duty station means the duty station for an employee's position of record as indicated on his or her most recent notification of personnel action, excluding a new duty station for an assignment that is followed immediately (*i.e.*, within 3 workdays) by a reduction in force resulting in the employee's separation before he or she is required to report for duty at the new location. For an employee who is authorized to receive relocation allowances under 5 U.S.C. 5737 in connection with an extended assignment, the temporary duty station associated with that assignment is the employee's official duty station.

Scheduled annual rate of pay means—

(1) The General Schedule rate of basic pay for the employee's grade and step (or relative position in the rate range), including a special rate for law enforcement officers under section 403 of the Federal Employees Pay Comparability Act of 1990 (FEPCA) (Pub. L. 101–509, 104 Stat. 1465), but exclusive of a special salary rate established under 5 U.S.C. 5305 or similar provision of law

(other than section 403 of FEPCA), a *continued rate of pay* under subpart G of this part, a *special law enforcement adjusted rate of pay* under subpart C of this part (including a rate continued under § 531.307), a *locality rate of pay* under this subpart, or additional pay of any kind;

(2) For a GM employee (as defined in § 531.202) who is receiving a special salary rate under 5 U.S.C. 5305 or similar provision of law, the rate of pay resulting from the following computation—

(i) Using the special salary rate schedule established under 5 U.S.C. 5305 or similar provision of law, subtract the dollar amount for step 1 of the employee's grade on the special salary rate schedule from the dollar amount for the employee's special salary rate; and

(ii) Add the result of paragraph (2)(i) of this definition to the dollar amount for step 1 of the employee's grade on the General Schedule;

(3) The retained rate of pay under part 536 of this chapter, 5 CFR 359.705, or 5 U.S.C. 5334(b)(2), if applicable; or

(4) For an employee in a category of positions described in 5 U.S.C. 5304(h)(1)(A)–(D) for which the President (or designee) has authorized locality-based comparability payments under 5 U.S.C. 5304(h)(2), the rate of basic pay fixed by law or administrative action, exclusive of any locality-based adjustments (including adjustments equivalent to local special rate adjustments under 5 U.S.C. 5305) or other additional pay of any kind.

[58 FR 69174, Dec. 30, 1993, as amended at 59 FR 67605, Dec. 30, 1994; 61 FR 3540, Feb. 1, 1996; 62 FR 25425, May 9, 1997; 64 FR 69173, Dec. 10, 1999; 66 FR 67070, Dec. 28, 2001; 68 FR 19708, Apr. 22, 2003; 69 FR 2050, Jan. 13, 2004; 69 FR 75453, Dec. 17, 2004]

§ 531.603 Locality pay areas.

(a) Locality rates of pay under this subpart shall be payable to employees whose official duty stations are located in the locality pay areas listed in paragraph (b) of this section.

(b) The following are locality pay areas for purposes of this subpart:

(1) Atlanta-Sandy Springs-Gainesville, GA–AL—consisting of the Atlanta-Sandy Springs-Gainesville, GA–AL CSA;

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(2) Boston-Worcester-Manchester, MA-NH-ME-RI—consisting of the Boston-Worcester-Manchester, MA-NH CSA, plus the Providence-New Bedford-Fall River, RI-MA MSA, Barnstable County, MA, and Berwick, Eliot, Kittery, South Berwick, and York towns in York County, ME;

(3) Chicago-Naperville-Michigan City, IL-IN-WI—consisting of the Chicago-Naperville-Michigan City, IL-IN-WI CSA;

(4) Cincinnati-Middletown-Wilmington, OH-KY-IN—consisting of the Cincinnati-Middletown-Wilmington, OH-KY-IN CSA;

(5) Cleveland-Akron-Elyria, OH—consisting of the Cleveland-Akron-Elyria, OH CSA;

(6) Columbus-Marion-Chillicothe, OH—consisting of the Columbus-Marion-Chillicothe, OH CSA;

(7) Dallas-Fort Worth, TX—consisting of the Dallas-Fort Worth, TX CSA;

(8) Dayton-Springfield-Greenville, OH—consisting of the Dayton-Springfield-Greenville, OH CSA;

(9) Denver-Aurora-Boulder, CO—consisting of the Denver-Aurora-Boulder, CO CSA, plus the Ft. Collins-Loveland, CO MSA and Weld County, CO;

(10) Detroit-Warren-Flint, MI—consisting of the Detroit-Warren-Flint, MI CSA, plus Lenawee County, MI;

(11) Hartford-West Hartford-Willimantic, CT-MA—consisting of the Hartford-West Hartford-Willimantic, CT CSA, plus the Springfield, MA MSA and New London County, CT;

(12) Houston-Baytown-Huntsville, TX—consisting of the Houston-Baytown-Huntsville, TX CSA;

(13) Huntsville-Decatur, AL—consisting of the Huntsville-Decatur, AL CSA;

(14) Indianapolis-Anderson-Columbus, IN—consisting of the Indianapolis-Anderson-Columbus, IN CSA, plus Grant County, IN;

(15) Kansas City-Overland Park-Kansas City, MO-KS—consisting of the Kansas City-Overland Park-Kansas City, MO-KS CSA;

(16) Los Angeles-Long Beach-Riverside, CA—consisting of the Los Angeles-Long Beach-Riverside, CA CSA, plus the Santa Barbara-Santa Maria-

Goleta, CA MSA and all of Edwards Air Force Base, CA;

(17) Miami-Fort Lauderdale-Miami Beach, FL—consisting of the Miami-Fort Lauderdale-Miami Beach, FL MSA, plus Monroe County, FL;

(18) Milwaukee-Racine-Waukesha, WI—consisting of the Milwaukee-Racine-Waukesha, WI CSA;

(19) Minneapolis-St. Paul-St. Cloud, MN-WI—consisting of the Minneapolis-St. Paul-St. Cloud, MN-WI CSA;

(20) New York-Newark-Bridgeport, NY-NJ-CT-PA—consisting of the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA, plus Monroe County, PA, and Warren County, NJ;

(21) Orlando-The Villages, FL—consisting of the Orlando-The Villages, FL CSA;

(22) Philadelphia-Camden-Vineland, PA-NJ-DE-MD—consisting of the Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA, plus Kent County, DE, Atlantic County, NJ, and Cape May County, NJ;

(23) Pittsburgh-New Castle, PA—consisting of the Pittsburgh-New Castle, PA CSA;

(24) Portland-Vancouver-Beaverton, OR-WA—consisting of the Portland-Vancouver-Beaverton, OR-WA MSA, plus Marion County, OR, and Polk County, OR;

(25) Richmond, VA—consisting of the Richmond, VA MSA;

(26) Sacramento—Arden-Arcade—Truckee, CA-NV—consisting of the Sacramento—Arden-Arcade—Truckee, CA-NV CSA, plus Carson City, NV;

(27) St. Louis-St. Charles-Farmington, MO-IL—consisting of the St. Louis-St. Charles-Farmington, MO-IL CSA;

(28) San Diego-Carlsbad-San Marcos, CA—consisting of the San Diego-Carlsbad-San Marcos, CA MSA;

(29) San Jose-San Francisco-Oakland, CA—consisting of the San Jose-San Francisco-Oakland, CA CSA, plus the Salinas, CA MSA and San Joaquin County, CA;

(30) Seattle-Tacoma-Olympia, WA—consisting of the Seattle-Tacoma-Olympia, WA CSA;

(31) Washington-Baltimore-Northern Virginia, DC-MD-PA-VA-WV—consisting of the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV

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CSA, plus the Hagerstown-Martinsburg, MD-WV MSA, the York-Hanover-Gettysburg, PA CSA, Culpeper County, VA, and King George County, VA; and

(32) Rest of U.S.—consisting of those portions of the continental United States not located within another locality pay area.

[58 FR 69174, Dec. 30, 1993, as amended at 59 FR 67605, Dec. 30, 1994; 61 FR 40950, Aug. 7, 1996; 61 FR 42939, Aug. 19, 1996; 62 FR 65312, Dec. 12, 1997; 65 FR 75154, Dec. 1, 2000; 69 FR 75453, Dec. 17, 2004]

§ 531.604 Determining locality rates of pay.

(a) To determine the locality rate of pay payable to an employee, the applicable scheduled annual rate of pay shall be increased by the percentage authorized by the President for the locality pay area in which the employee's official duty station is located.

(b) Except as provided in paragraph (c) of this section, locality rates of pay may not exceed the rate of basic pay payable for level IV of the Executive Schedule.

(c)(1) Locality rates of pay approved by the President (or designee) for employees in a category of positions described in 5 U.S.C. 5304(h)(1)(A)–(C) may not exceed the rate for level III of the Executive Schedule.

(2) Locality rates of pay approved by the President (or designee) for employees in a category of positions described in 5 U.S.C. 5304(h)(1)(D) may not exceed—

(i) The rate for level IV of the Executive Schedule, when the maximum scheduled annual rate of pay (excluding any retained rate) for such positions is less than or equal to the maximum payable scheduled annual rate of pay for GS-15; or

(ii) The rate for level III of the Executive Schedule, when the maximum scheduled annual rate of pay (excluding any retained rate) for such positions exceeds the maximum payable scheduled annual rate of pay for GS-15, but is not more than the rate for level IV of the Executive Schedule.

(3) If application of paragraph (c)(2) of this section would otherwise reduce an employee's existing locality rate of pay, the employee's locality rate of pay will be capped at the higher of—

(i) The amount of his or her locality rate of pay on the day before paragraph (c)(2) of this section is applied, or

(ii) The rate for level IV of the Executive Schedule.

(d) Paragraph (c) of this section does not apply to experts and consultants appointed under 5 U.S.C. 3109 if the pay for those experts and consultants is limited to the highest rate payable under 5 U.S.C. 5332 (i.e., the unadjusted maximum GS-15 rate). Pay limitations for such experts and consultants must be determined in accordance with § 304.105 of this chapter.

[58 FR 69174, Dec. 30, 1993, as amended at 66 FR 67070, Dec. 28, 2001; 69 FR 2050, Jan. 13, 2004]

§ 531.605 Computation of hourly, daily, weekly, and biweekly locality rates of pay.

When it is necessary to convert an annual locality rate of pay to an hourly, daily, weekly, or biweekly rate, the following methods apply:

(a) To derive an hourly rate, divide the annual locality rate of pay by 2,087 and round to the nearest cent, counting one-half cent and over as the next higher cent;

(b) To derive a daily rate, multiply the hourly rate by the number of daily hours of service required by the employee's basic daily tour of duty;

(c) To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be.

§ 531.606 Administration of locality rates of pay.

(a) An employee shall receive the greatest of—

(1) His or her rate of basic pay, including any applicable special salary rate established under 5 U.S.C. 5305 or similar provision of law or special rate for law enforcement officers under section 403 of FEPCA;

(2) A *continued rate of pay* under subpart G of this part;

(3) A "special law enforcement adjusted rate of pay" under subpart C of this part, where applicable, including a "special law enforcement adjusted rate of pay" continued under § 531.307; or

(4) A locality rate of pay under this subpart, where applicable.

(b) A locality rate of pay is considered basic pay for the purpose of computing—

(1) Retirement deductions and benefits under chapters 83 or 84 of title 5, U.S. Code;

(2) Life insurance premiums and benefits under parts 870, 871, 872, and 873 of this chapter;

(3) Premium pay under subparts A and I of part 550 of this chapter (including the computation of limitations on premium pay under 5 U.S.C. 5547, overtime pay under 5 U.S.C. 5542(a), compensatory time off under 5 U.S.C. 5543, and standby duty pay under 5 U.S.C. 5545(c)(1));

(4) Severance pay under subpart G of part 550 of this chapter;

(5) Advances in pay under subpart B of part 550 of this chapter; and

(6) Post differentials under 5 U.S.C. 5925(a) and danger pay allowances under 5 U.S.C. 5928 for an employee temporarily assigned to work in a foreign area for which the Department of State has established a danger pay allowance under 5 U.S.C. 5928, when the employee's official duty station is located in a locality pay area under §531.603.

(c) When an employee's official duty station is changed to a different locality pay area, the employee's entitlement to the locality rate of pay for the new locality pay area begins on the effective date of the change in official duty station.

(d) A locality rate of pay is paid only for those hours for which an employee is in a pay status.

(e) A locality rate of pay shall be adjusted as of the effective date of any change in the applicable scheduled annual rate of pay.

(f) Except as provided in paragraph (g) of this section, entitlement to a locality rate of pay established for a locality pay area under this subpart terminates on the date—

(1) An employee's official duty station is no longer in the locality pay area;

(2) An employee is no longer in a position covered by this subpart;

(3) An employee separates from Federal service; or

(4) An employee's special salary rate under 5 U.S.C. 5305 or similar provision

of law (other than section 403 of FEPCA) exceeds his or her locality rate of pay.

(g) In the event of a change in the geographic coverage of a locality pay area as a result of the addition by OMB of a new area(s) to the definition of an MSA or CSA or as the result of any change made by the President's Pay Agent in the definition of a locality pay area, the effective date of any change in an employee's entitlement to a locality rate of pay under this subpart is the first day of the first pay period beginning on or after January 1 of the next calendar year. Any area removed by OMB from coverage within an MSA or CSA that serves as the basis for defining a locality pay area must be reviewed by the Federal Salary Council and the President's Pay Agent before a decision is made regarding the locality pay status of that area.

(h) Payment of, or an increase in, a locality rate of pay is not an equivalent increase in pay within the meaning of section 5335 of title 5, United States Code.

(i) A locality rate of pay is included in an employee's "total remuneration," as defined in 5 CFR 551.511(b), and "straight time rate of pay," as defined in 5 CFR 551.512(b), for the purpose of computations under the Fair Labor Standards Act of 1938, as amended.

(j) Reduction or termination of a locality rate of pay under paragraph (f) of this section is not an adverse action for the purpose of subpart D of part 752 of this chapter or an action under 5 CFR 930.214.

(k) When an employee's locality rate of pay under this subpart is greater than any applicable special salary rate under 5 U.S.C. 5305 or similar provision of law (other than section 403 of FEPCA), the payment of the rate resulting from the comparison required by paragraph (a) of this section is deemed to have reduced the locality rate of pay payable under 5 U.S.C. 5304, as authorized by 5 U.S.C. 5305(g)(1).

[58 FR 69174, Dec. 30, 1993, as amended at 61 FR 3541, Feb. 1, 1996; 64 FR 36771, July 8, 1999; 64 FR 69173, Dec. 10, 1999; 68 FR 19708, Apr. 22, 2003; 69 FR 2050, Jan. 13, 2004; 69 FR 47354, Aug. 5, 2004; 69 FR 75453, Dec. 17, 2004]

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§ 531.607 Reports.

The Office of Personnel Management may require agencies to report pertinent information concerning the administration of payments under this subpart.

Subpart G—Continued Rates of Pay

SOURCE: 61 FR 3541, Feb. 1, 1996, unless otherwise noted.

§ 531.701 Definitions.

In this subpart:

Continued rate of pay means a rate of pay first established in January 1994 for an employee who previously received an interim geographic adjustment on top of a worldwide or nationwide special rate authorized under 5 U.S.C. 5305.

Employee means an employee in a position in whom subchapter III of chapter 53 of title 5, United States Code applies, whose official duty station is located in an interim geographic adjustment area and who is receiving a continued rate of pay.

General Schedule means the basic pay schedule established under 5 U.S.C. 5332.

Interim geographic adjustment area means one of the following Consolidated Metropolitan Statistical Areas (CMSA's), as defined by the Office of Management and Budget (OMB), that was an interim geographic adjustment area when continued rates of pay first became applicable in January 1994:

(1) New York-Northern New Jersey-Long Island, NY-NJ-CT-PA;

(2) Los Angeles-Riverside-Orange County, CA; or

(3) San Francisco-Oakland-San Jose, CA.

Official duty station means the duty station for an employee's position of record as indicated on his or her most recent notification of personnel action.

§ 531.702 Computation of hourly, daily, weekly, and biweekly continued rates of pay.

When it is necessary to convert a continued rate of pay from an annual rate to an hourly, daily, weekly, or bi-

weekly rate, the following methods apply:

(a) To derive an hourly rate, divided the continued rate by 2,087 and round to the nearest cent, counting one-half cent and over as a whole cent;

(b) To derive a daily rate, multiply the hourly rate by the number of daily hours of service required by the employee's basic daily tour of duty;

(c) To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be.

§ 531.703 Administration of continued rates of pay.

(a) An employee shall receive the greatest of—

(1) His or her rate of basic pay, including any applicable special salary rate established under 5 U.S.C. 5305 or similar provision of law or special rate for law enforcement officers under section 403 of FEPCA;

(2) A *continued rate of pay* under this subpart;

(3) A *special law enforcement officer adjusted rate of pay* under subpart C of this part, where applicable, including a *special law enforcement adjusted rate of pay* continued under § 531.307; or

(4) A *locality rate of pay* under subpart F of this part, where applicable.

(b) A continued rate of pay is considered basic pay for the same purposes as described in § 531.606(b), as applicable.

(c) A continued rate of pay is paid only for those hours for which an employee is in a pay status.

(d) A continued rate of pay is included in an employee's "total remuneration," as defined in § 551.511(b) of this chapter, and "straight time rate of pay," as defined in § 551.512(b) of this chapter, for the purpose of computations under the Fair Labor Standards Act of 1938, as amended.

(e) At the time of an adjustment in pay under 5 U.S.C. 5303, a continued rate of pay shall be increased by the lesser of—

(1) The dollar amount of the adjustment (including a zero adjustment) made under 5 U.S.C. 5303 in the General Schedule rate of basic pay for the employee's grade and step (or relative position in the rate range); or

(2) The dollar amount of the adjustment (including a zero adjustment) in

the special salary rate applicable to the employee as a result of the annual review of special rates required by § 530.304 of this chapter.

(f) An increase in a continued rate of pay under paragraph (e) of this section is not an equivalent increase in pay within the meaning of section 5335 of title 5, United States Code.

(g) A continued rate of pay terminates on the date—

(1) An employee's official duty station is no longer located in one of the interim geographic adjustment areas;

(2) An employee is no longer in a position covered by this subpart;

(3) An employee separates from Federal service;

(4) An employee's special salary rate under 5 U.S.C. 5305 or similar provision of law (other than section 403 of FEPCA) exceeds his or her continued rate of pay;

(5) An employee's *special law enforcement adjusted rate of pay* under subpart C of this part exceeds his or her continued rate of pay;

(6) An employee's *locality rate of pay* under subpart F of this part exceeds his or her continued rate of pay;

(7) An employee is reduced in grade; or

(8) An employee is no longer in a position covered by a nationwide or worldwide special rate authorization (or, in the event of the conversion of a nationwide or worldwide special rate authorization to a local special rate authorization, a position covered by the new local special rate authorization).

(h) Termination of a continued rate of pay under paragraph (g) of this section is not an adverse action for the purpose of subpart D of part 752 of this chapter.

(i) An employee's entitlement to a continued rate of pay is not affected by a temporary promotion or temporary reassignment, except that a continued rate shall be suspended when a temporary promotion or reassignment causes one of the conditions in paragraph (g) of this section to be satisfied. In such situations, an employee's entitlement to continued pay will resume as if never interrupted upon return to the permanent position, subject to the requirements of this subpart. A contin-

ued rate that is resumed shall include any pay adjustments that were authorized for the permanent position under paragraph (e) of this section during the period of the temporary promotion or reassignment.

[61 FR 3541, Feb. 1, 1996, as amended at 61 FR 34714, July 3, 1996; 64 FR 36771, July 8, 1999]

§ 531.704 Effect of continued rates of pay on retention payments under FBI demonstration project.

As required by section 406 of the Federal Employees Pay Comparability Act of 1990 (Pub. L. 101-509), a retention payment payable to an employee of the New York Field Division of the Federal Bureau of Investigation under section 601(a)(2) of Public Law 100-453, as amended, shall be reduced by the amount of any continued rate adjustment payable to that employee under this subpart. For the purpose of applying this section, the amount of any continued rate adjustment shall be determined by subtracting the employee's scheduled annual rate of pay (as defined in § 531.602 of this part from his or her continued rate of pay.

§ 531.705 Reports.

The Office of Personnel Management may require agencies to report pertinent information concerning the administration of payments under this subpart.

PART 532—PREVAILING RATE SYSTEMS

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